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Municipal Police Officers' Retirement System

State of Montana

Actuarial Information Required under GASB #5

As of June 30, 1992

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Hendrickson, Miller
& Associates, Inc.
ACTUARIAL CONSULTANTS

Municipal Police Officers' Retirement System

State of Montana

Actuarial Information Required under GASB #5

As of June 30, 1992

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& Associates, Inc.
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Municipal Police Officers' Retirement System

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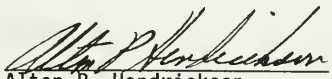
Municipal Police Officers' Retirement System

Actuarial Certification

This report presents actuarial information required under Statement No. 5 of the Government Accounting Standards Board. The results presented in this report were determined with generally accepted actuarial principles and techniques, and are in compliance with our understanding of GASB #5.



Alton P. Hendrickson
Member, American Academy of Actuaries

Municipal Police Officers' Retirement System

Section A

Plan Description

1. A. Covered Payroll $ 11,402,679
   B. Total Payroll $ 11,402,679

2. As of June 30, 19 92 statewide membership in the Municipal Police' Officers' Retirement System consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	436
Terminated Employees Entitled to But Not Yet Receiving Benefits	17
Total Inactives	453
Current Employees:	
Vested	213
Not Vested	240
Total Current Employees	453
Total Membership	906

A summary of benefit provisions is attached as Appendix 1, and a summary of the membership can be found in the July 1, 1992 actuarial valuation.

3. Benefit and contribution provisions are established by state law and may be amended only by the State of Montana legislature.

Section B

Related Party Disclosures

Hendrickson, Miller & Associates, Inc. is under contract with the Municipal Police Officers' Retirement System to provide actuarial and consulting services with regard to the retirement plan.

Municipal Police Officers' Retirement System

Section C

Funding Status and Progress

1. The last actuarial valuation of this system was performed as of July 1, 1992.

2. The following assumptions were used in calculation of the pension benefit obligation:

   Rate of Return on Investment of Present and Future Assets - 8%
   Projected Salary Increases - Inflation - 6.5%
   Projected Salary Increases - Merit - None
   Changes in Post-Retirement Benefit - The salary of a newly confirmed police officer is assumed to increase 6.5% per annum.

   The assumptions used in these calculations are the same as the assumptions stated in the report on the actuarial valuation of the Municipal Police Officers' Retirement System as of July 1, 1992.

3. Actuarial Present Value of Projected Benefits:

Inactives:		
Retirees and beneficiaries	$ 42,808,798	
Other terminated employees	0	
Total inactives		$ 42,808,798
Current employees:		
Accumulated employee contributions	$ 9,161,373	
Employer financed vested	21,917,401	
Employer financed nonvested	4,236,733	
Total current employees		$ 35,315,506
Total Pension Benefit Obligation		$ 78,124,304

Net Assets Available for Benefits:

Cost	$ 41,302,748
Market	$ 44,047,551
Total Unfunded Pension Benefit Obligation	$ 36,821,556

There were no changes in the actuarial assumptions during the past year

Municipal Police Officers' Retirement System

Section D

Actuarially Determined Contribution Requirements

And Contributions Made

The Municipal Police Officers' Retirement System funding policy provides for periodic employer and employee contributions at rates specified by state law. The contribution requirement is not actuarially determined; however, an actuary does determine the actuarial implications of the funding requirement in a biennial actuarial valuation. The actuarial method used to determine the implications of the statutory funding level is the entry age normal funding method, with both the normal cost and the amortization of the unfunded accrued liability determined as a level percentage of payroll.

Contributions to the system for the year ending June 30, 1992 were as follows:

	Amount	% of Compensation
Employer	$ 1,634,448	14.33%
Employee	925,482	8.12
State	1,986,480*	17.42
Total	$ 4,546,410	39.87%

* Excluding reimbursement for post-retirement benefits.

These contributions are applied as follows:

	Amount	% of Compensation
Normal Cost	$ 2,662,525	23.35%
Amortization of Unfunded Liability	1,883,885	16.52
Total	$ 4,546,410	39.87%

During the past year, no changes were made in the method used to calculate or establish contribution requirements. The change in the law affecting benefits is described in Section C.

Municipal Police Officers' Retirement System

Section E

Trend Information

	As of June 30		
	1992	1991	1990
Net assets available for benefits as % of PBO	52.9%	49.6%	49.4%
Unfunded PBO as % of annual covered payroll	322.9%	316.2%	339.8%
Employer contributions as % of annual covered payroll	13.92%	13.02%	13.02%

Employer contributions have been made according to state law, and have been determined to be adequate for funding of the system by biennial actuarial valuations, as described in Section D.

Municipal Police Officers' Retirement System

Appendix 1

Summary of Plan Provisions

Employee Contributions -	The percent of compensation is 6% for members employed prior to July 1, 1975, 7.2% for members employed after June 30, 1975 and 8.7% for members employed after June 30, 1979.
City Contributions -	13.92% of members' compensation.
State Contribution -	15.66% of members' compensation.
Retirement Benefit -	Eligibility: 20 years of service regardless of age. Normal Form: Life payments, with full benefits continuing to the surviving spouse or dependent children upon the member's death. Benefit: 2.5% of the final compensation for each of the first 20 years of service plus 1% for each of the next 10 years.
Disability Benefit -	Minimum of 50% of final compensation.
Death Benefit -	Minimum of 50% of final compensation.
Termination Benefit -	Prior to 10 years of service, return of member contributions. After 10 years, the member may elect to receive the accrued benefit at age 50.
Benefit Adjustments -	If the benefits are less than one-half of the monthly salary paid to a newly confirmed police officer in the city in which the member was employed, the monthly payments are to be increased to one-half of such monthly salary. The cost of this adjustment is paid from the fire insurance premium tax fund.